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-S76

Government
Publication

1
I
Colleges and Universities

2
II
Statements and speeches

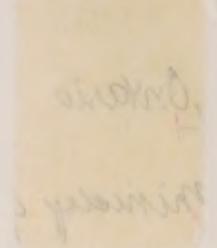
NOTES FOR A STATEMENT

BY

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MINISTER OF COLLEGES AND UNIVERSITIES

UNIVERSITY FUNDING

16 MARCH 1978



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AS YOU KNOW, THERE WILL BE A STUDENT PROTEST AT QUEEN'S PARK THIS AFTERNOON. SO I THOUGHT IT WOULD BE A GOOD IDEA TO LAY BEFORE YOU SOME OF THE FACTS WHICH I HOPE WILL PUT THEIR DEMANDS IN PERSPECTIVE.

I AM TOLD THAT THE STUDENTS WILL BE PROTESTING WHAT THEY TERM "CUTBACKS" IN UNIVERSITY SUPPORT AND THAT THEY WILL ALSO BE COMPLAINING ABOUT THE NEW STUDENT ASSISTANCE PROGRAM.

THE SO-CALLED "CUTBACKS" THEY REFER TO ARE, IN FACT, AN INCREASE OF 5.8 PER CENT IN GOVERNMENT SUPPORT TO THE UNIVERSITIES; AN INCREASE THAT WILL RESULT IN THE UNIVERSITIES RECEIVING ALMOST \$750 MILLION IN PUBLIC FUNDS.

IT IS SUGGESTED THAT THIS AMOUNT OF SUPPORT IS INADEQUATE BECAUSE, OVER THE YEARS, INCREASES IN UNIVERSITY INCOME HAVE FALLEN FAR BELOW INCREASES IN THE COST OF LIVING. THIS IS JUST NOT TRUE.

MOST OF YOU KNOW THAT THE UNIVERSITIES HAVE BEEN FUNDED FOR MUCH OF THE LAST TEN YEARS BY A FORMULA IN WHICH THE KEY VARIABLE IS THE BASIC INCOME UNIT, OR BIU.

ATTACHED TO MY STATEMENT IS A TABLE WHICH SHOWS THE ACTUAL VALUES OF THE BIU SINCE 1967-68 AND THE VALUES IT WOULD HAVE HAD IF IT HAD ESCALATED AT THE SAME RATE AS THE CONSUMER PRICE INDEX.

THE TABLE SHOWS THAT INCREASES IN UNIVERSITY FUNDING HAVE ALMOST INvariably OUTSTRIPPED INCREASES IN THE CONSUMER PRICE INDEX. NEXT YEAR, FOR ONLY THE SECOND TIME IN THE 11 YEAR HISTORY OF FORMULA FINANCING, THE INCREASE IN BIU VALUE WILL BE BELOW THE INCREASE IN THE CONSUMER PRICE INDEX, AND EVEN THEN THE DIFFERENCE WILL BE LESS THAN ONE PER CENT.

IN OTHER WORDS, UNIVERSITY FUNDING NEXT YEAR, IN A TIME OF DECLINING ENROLMENT, IS LESS THAN 1 PER CENT DIFFERENT FROM THE LEVEL OF FUNDING IN 1967-68, A TIME OF UNPRECEDENTED EXPANSION IN THE POST-SECONDARY SYSTEM. FURTHERMORE, UNIVERSITY FUNDING OVER THE LAST DECADE HAS GENERALLY KEPT WELL AHEAD OF INCREASES IN THE GENERAL COST OF LIVING.

DESPITE THE MASSIVE AMOUNT OF PUBLIC FUNDING THE UNIVERSITIES RECEIVE, THE STUDENTS ARE TELLING ME THAT IT IS NOT ENOUGH. THEY ARE ALSO ADVOCATING MAJOR CHANGES IN THE NEW STUDENT ASSISTANCE PROGRAM WHICH WOULD RESULT IN ENORMOUS COST INCREASES. THEY ARE TELLING ME THAT THE \$76 MILLION BUDGETED FOR STUDENT ASSISTANCE GRANTS NEXT YEAR IS NOT ENOUGH AND THAT THE ONTARIO TAXPAYER SHOULD BE PAYING OUT MORE ON THEIR BEHALF.

FRANKLY, I THINK IT IS TIME THAT THE PROTESTERS JOINED THE REST OF SOCIETY IN FACING UP TO THE REALITIES OF THE NEED FOR RESTRAINT.

TO INCREASE UNIVERSITY GRANTS BEYOND 5.8 PER CENT OR TO RAISE THE STUDENT ASSISTANCE BUDGET CAN ONLY MEAN AN INCREASE IN TAXES, AN INCREASE IN THE PUBLIC DEBT, OR REDUCED EXPENDITURES FOR OTHER GOVERNMENT PROGRAMS, MOST OF WHICH ARE ALREADY TREATED LESS FAVOURABLY THAN THE UNIVERSITY SECTOR.

TAXPAYERS CANNOT BE EXPECTED TO DIG EVER DEEPER INTO THEIR POCKETS FOR THE BENEFIT OF STUDENTS, ESPECIALLY WHEN THE STUDENTS THEMSELVES ARE UNWILLING TO ACCEPT ANY INCREASE IN THEIR OWN SHARE OF COSTS.

THE LAST FEE INCREASE, WHICH CAME AFTER A FOUR-YEAR "FREEZE," AROUSED A STORM OF PROTEST FROM THE STUDENTS; YET TODAY THEY WILL BE DEMANDING EVEN MORE MONEY FROM THE TAXPAYER WHO IS ALREADY PAYING MORE THAN 80 PER CENT OF THEIR COSTS.

HAVING HAD THE OPPORTUNITY TO MEET WITH A GOOD CROSS-SECTION OF THE STUDENT BODY OVER THE LAST COUPLE OF YEARS, I BELIEVE THAT THE COMPLAINTS WE WILL HEAR THIS AFTERNOON DO NOT REPRESENT THE VIEWS OF THE VAST MAJORITY OF STUDENTS. THEY ARE THE DEMANDS OF THE MINORITY WHO DON'T KNOW OR DON'T CARE ABOUT THE ECONOMIC FACTS OF LIFE IN ONTARIO AND WHO HAVE OBVIOUSLY GIVEN NO THOUGHT TO THE NEEDS OF THE REST OF SOCIETY AND TO THE WORKING PEOPLE WHOSE TAXES SUBSIDIZE THEM.

COMPARED TO HOSPITALS AND SCHOOL BOARDS, FOR EXAMPLE, THE UNIVERSITIES' FUNDING INCREASE OF 5.8 PER CENT SEEMS RELATIVELY GENEROUS. ENROLMENT HAS DECLINED IN THE CURRENT YEAR BY 2 PER CENT AND THERE WILL LIKELY BE EVEN FEWER STUDENTS NEXT YEAR, BUT OUR COMMITMENT OF DOLLARS FOR 1978-79 IS FIRM, REGARDLESS OF ANY SUCH DECREASE IN ENROLMENT.

INCIDENTALLY, CONTRARY TO WHAT MANY PEOPLE STILL BELIEVE, FUNDING OF THE UNIVERSITIES IS NO LONGER TIED DIRECTLY TO ENROLMENT. FOR THE LAST THREE YEARS WE HAVE BEEN PHASING IN A FUNDING SYSTEM THAT WILL SPREAD THE IMPACT OF THE CURRENT ENROLMENT DECLINE OVER A FOUR-YEAR PERIOD.

IT IS NOW A MANAGEMENT JOB WITHIN THE UNIVERSITIES TO USE TO BEST ADVANTAGE THE VERY CONSIDERABLE AMOUNT OF PUBLIC FUNDING THEY RECEIVE. UNIVERSITIES HAVE BEEN DILIGENT IN TRIMMING COSTS. HOWEVER, MY ADMIRATION FOR THEIR DILIGENCE MUST BE TEMPERED BY THE REALIZATION THAT UNIVERSITY FACULTY STRENGTH INCREASED BY NEARLY 900 FULL-TIME MEMBERS BETWEEN 1973-74 AND 1976-77, ADDING THE EQUIVALENT OF A FACULTY SUCH AS THAT OF McMaster UNIVERSITY TO ONTARIO'S UNIVERSITY SYSTEM. THESE ADDITIONS WERE MADE DESPITE PREDICTIONS OF DECLINING ENROLMENT.

I CAN UNDERSTAND THE DESIRE OF THE UNIVERSITIES TO MAINTAIN STRONG FACULTIES. THEY SET THEIR OWN PRIORITIES. BUT THEY MUST ALSO FIGURE OUT HOW TO PAY THEIR WAY WITHIN THE FUNDS AVAILABLE.

I HAVE MET RECENTLY WITH UNIVERSITY PRESIDENTS TO DISCUSS THE MANAGEMENT TASK THAT THEY AND THEIR BOARDS OF GOVERNORS NOW FACE. I AM CONFIDENT THAT THEY HAVE WITHIN THEIR INSTITUTIONS SUFFICIENT EXPERTISE TO HANDLE THE TASK.

WHEN TOUGH DECISIONS ARE NEEDED, IT'S TEMPTING TO DEMAND INCREASED GOVERNMENT INVOLVEMENT IN SETTING THE FUTURE DIRECTION AND POLICIES OF THE UNIVERSITIES. BUT TO START DOWN THAT ROAD - AND I SHALL RESIST SUCH A MOVE EVERY STEP OF THE WAY - IS FOR THE UNIVERSITIES TO ABANDON THEIR ESSENTIAL ACADEMIC FREEDOM. IF OTHERS INSIST ON GOVERNMENT INVOLVEMENT, THEY WILL FIND THAT GOVERNMENT BECOMES EMPOWERED TO QUESTION AND REGULATE ALL ASPECTS OF UNIVERSITY OPERATIONS. GOVERNMENT SCRUTINY MIGHT FALL, FOR EXAMPLE, ON THE RIGHTS OF FACULTY MEMBERS TO TENURE; THE EXTENT OF UNIVERSITY RESEARCH; AND HOW MANY NEW FACULTY SHOULD BE HIRED, AND WHO THEY SHOULD BE. THIS IS NOT GOVERNMENT'S ROLE - NOR SHOULD IT EVER BE.

I BELIEVE THAT STUDENTS ARE RIGHT TO BE CONCERNED ABOUT THE QUALITY, FREEDOM AND ACCESSIBILITY OF POST-SECONDARY EDUCATION IN ONTARIO BUT I DON'T BELIEVE THE ANSWER TO THEIR CONCERN LIES IN GREATER GOVERNMENT INVOLVEMENT IN THE UNIVERSITIES, IN OPEN-HANDED FUNDING OF THE UNIVERSITIES OR IN EVEN MORE GENEROUS STUDENT ASSISTANCE POLICIES.

THEIR CONCERNS CAN BEST BE MET BY THE COMMITMENT OF ALL CONCERNED WITH THE UNIVERSITIES - STUDENTS, FACULTY, ADMINISTRATORS AND BOARDS OF GOVERNORS - TO STRIVE FOR EXCELLENCE IN THE UNIVERSITY SYSTEM WITHIN THE LIMITS OF THE VERY SUBSTANTIAL AMOUNT OF PUBLIC MONEY ALLOCATED TO THIS TASK.

END

| FISCAL YEAR | ACTUAL VALUE OF THE BASIC INCOME UNIT USED TO CALCULATE UNIVERSITY GRANTS | VALUE OF THE 1967-68 BASIC INCOME UNIT INFLATED AT THE RATE OF THE CONSUMER PRICE INDEX | DIFFERENCE |
|----------------|---|---|------------|
| 1967-68 | \$1320 | \$1320 | \$ 0 |
| 1968-69 | 1474 | 1375 | 99 |
| 1969-70 | 1556 | 1437 | 119 |
| 1970-71 | 1650 | 1477 | 173 |
| 1971-72 | 1730 | 1529 | 201 |
| 1972-73 | 1765 | 1609 | 156 |
| 1973-74 | 1825 | 1749 | 76 |
| 1974-75 | 1955 | 1952 | 3 |
| 1975-76 | 2111 | 2160 | (49) |
| 1976-77 | 2307* | 2294 | 13 |
| 1977-78 | 2529* | 2495 | 34 |
| 1978-79 | 2646* | 2670 | (24) |

*IMPLICIT VALUES

